

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

HB 7010 – SB 7005
FIRST EXTRAORDINARY SESSION
January 14, 2010

SUMMARY OF AMENDMENTS (012089, 012095, 012083, 012184, 012187, 012207, 012256, 012258): Amendment 012089 creates a Teacher Evaluation Advisory Committee (TEAC) composed of fifteen members including the Commissioner of Education, the Executive Director of the State Board of Education, the Chairs of the Education Committees of the Senate and House of Representatives, and eleven other members appointed by the Governor. At least one member must be sixty years of age or older and at least one member must be a racial minority. The TEAC shall develop and recommend to the Board guidelines and criteria for annual evaluation of all teachers and principals, including a grievance procedure. Makes the TEAC subject to sunset provisions and terminates the TEAC on July 1, 2011, unless extended by the General Assembly.

Amendment 012095 requires that at least five members of the TEAC be K-12 teachers.

Amendment 012083 requires the Department of Education to issue request for proposals (RFPs) when contracting with entities to operate schools or local education agencies (LEAs) that are placed into the achievement school district (ASD).

Amendment 012184 requires the Teacher Evaluation Advisory Committee (TEAC) to develop and recommend to the State Board of Education (SBOE) guidelines and criteria for annual evaluation of all teachers and principals, including a grievance procedure. Requires that fifty percent of the evaluation criteria shall be composed of student achievement data with thirty-five percent consisting of Tennessee Value-Added Assessment System (TVAAS) data and fifteen percent on other student achievement data as developed by the TEAC. Requires that each teacher and principal shall mutually agree with the person(s) performing the evaluation on the evaluation measures used. If there is disagreement on evaluation measures, the person(s) conducting the evaluation shall choose the evaluation measures. If the teacher or principal's student growth data reflects a certain level of achievement specified by the TEAC and at the consent of the individual being evaluated, fifty percent of their evaluation shall be based on student achievement data. Requires the SBOE to adopt such policies.

Amendment 012187 requires that absent other sources of funding, the Achievement School District (ASD) will be funded through state and local dollars. These funds can be used to fund new initiatives and programs per the goals of the ASD as long as the use of such funding does not create an increase in recurring financial obligations on the local education agency (LEA) when the school or LEA is removed from the ASD. State funds that are not used to fund the ASD will be placed into a state reserve account to be distributed to the LEA upon the approval by the Commissioner of Education. LEA funds that are not used to support the ASD will be placed into an LEA special BEP reserve account to be held until the school or LEA is returned to regular LEA control.

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Amendment 012207 requires that any increase in LEA expenditures as a result of the LEA implementing its own salary schedule shall be subject to local appropriation of funds.

Amendment 012256 deletes the requirement from the current bill that career and technical education classes (CTE) in grades 7-12 be funded at the same level as regular 7-12 grade courses.

Amendment 012258 establishes the Teacher Professional Development Fund into which federal monies will be deposited, for the purposes of improved teaching, pedagogical skills, and classroom instruction.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Federal Expenditures –	Exceeds \$121,250,000 FY 10-11
	Exceeds \$121,250,000 FY 11-12
	Exceeds \$121,250,000 FY 12-13
	Exceeds \$121,250,000 FY 13-14

Increase State Revenue -	Exceeds \$60,625,000 FY 10-11
	Exceeds \$60,625,000 FY 11-12
	Exceeds \$60,625,000 FY 12-13
	Exceeds \$60,625,000 FY 13-14

Increase State Expenditures –	Exceeds \$60,625,000 FY 10-11
	Exceeds \$60,625,000 FY 11-12
	Exceeds \$60,625,000 FY 12-13
	Exceeds \$60,625,000 FY 13-14

Increase Local Revenue -	Exceeds \$60,625,000 FY 10-11
	Exceeds \$60,625,000 FY 11-12
	Exceeds \$60,625,000 FY 12-13
	Exceeds \$60,625,000 FY 13-14

Increase Local Expenditures –	Exceeds \$60,725,000 FY 10-11*
	Exceeds \$10,000,000/FY10-11/Permissive
	Exceeds \$60,725,000 /FY 11-12*
	Exceeds \$10,000,000/FY11-12/Permissive
	Exceeds \$60,725,000 /FY 12-13*
	Exceeds \$10,000,000/FY 12-13/Permissive
	Exceeds \$60,725,000 /FY 13-14*
	Exceeds \$10,000,000/FY 13-14/Permissive

Other Fiscal Impact – Funds from recurring appropriation of state revenue will be shifted from existing programs of the Department of Education to fund programs and activities related to "Race to the Top" funding. According to the Department, the funds shifted from existing programs will not be replaced by additional state revenue. There will be no increase in state tax revenue appropriated to the Department as a result of this bill. The Department is unable to specify the amount of funds that will be shifted to "Race to the Top" programs and activities and is unable to identify the current programs that will be affected.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions applied to amendments:

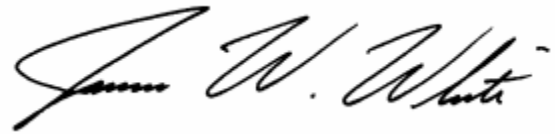
- Amendment 012089 changes the makeup of the TEAC; this change will have no fiscal impact on state or local government. Non-legislative members of the TEAC will incur travel expenses that will be paid from the Race to the Top funds and existing state appropriations. The total number of TEAC members is unchanged.
- Amendment 012095 changes the makeup of the TEAC; this change will have no fiscal impact on state or local government. Non-legislative members of the TEAC will incur travel expenses that will be paid from the Race to the Top funds and existing state appropriations.
- Amendment 012083 will have no fiscal impact on state or local government. The Department of Education has stated that the contracts for the operation of the ASD will be issued through RFPs.
- Amendment 012184 makes various changes to the annual evaluation system for teachers and principals. Race to the Top funding will be used to fund any increase in state or local expenditures related to the implementation of these changes.
- Amendment 012187 authorizes state and local dollars to be used to fund the ASD. However, state and local monies cannot be used to fund programs or initiatives that will have an increase in recurring state or local expenditures. No change in the fiscal impact as shown on the original fiscal note.
- Amendment 012207 requiring that any local salary schedule increases be subject to local appropriation will not affect the impact of the original bill. Any appropriations by local governments will be permissive.
- Amendment 012256 deleting the section of the bill pertaining to the CTE maximum class size will not change the fiscal impact as shown on the original fiscal note. CTE courses will continue to be funded at their current level. The BEP formula will be adjusted to compensate for any increase in CTE ADM so that there will not be a net increase in state or local government expenditures.

- Amendment 012258 creating a fund from which federal monies from Race to the Top will be expended will have no fiscal impact on state or local government.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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